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BEFORE THE ARIZONA CORPORATION CONTINUES OF

WILLIAM A. MUNDELL Chairman JIM IRVIN Commissioner MARC SPITZER Commissioner

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AZ CORP COMMISSION DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF BUEHNER-FRY, INC. D/B/A/ RESORT OPERATOR SERVICES FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RESOLD INTRASTATE TELECOMMUNICATIONS SERVICES.

DOCKET NO. T-02764A-94-0140

STAFF'S FAIR VALUE RATE **BASE COMMENTS**

The October 26, 2000 Procedural Order in this matter requires Buehner-Fry, Inc. ("Buehner-Fry") to provide fair value information in support of its application for a CC&N. That order also requires Staff to file comments on that information by March 9, 2001.

Buehner-Fry has not provided information that is sufficient to allow Staff to perform an analysis and provide a recommendation for a fair value finding in this case. Staff recommends that Buehner-Fry be required to file in this Docket, within eighteen months of the date it first provides service following the requested certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

- A dollar amount representing the total revenue for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification, adjusted to reflect the maximum rates that the Company has requested in its tariff. This adjusted total revenue figure could be calculated as the number of units sold for all services offered times the maximum charge per unit;
- 2. The total actual operating expenses for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification; and

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The October 26, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that Buehner-Fry is utilizing the appropriate amount of depreciation and capital carrying costs in determining its minimum and maximum rates. The information filed by Buehner-Fry is insufficient to allow Staff to so ascertain.

3. The value of **all assets**, listed by major category, used for the first twelve months of telecommunications service provided to Arizona customers by the Company following certification. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

Staff recommends that Buehner-Fry' proposed tariffs be approved on an interim basis pending its timely provision of the above-described data to the Commission, and that Buehner-Fry' failure to timely file sufficient information as outlined above for Staff analysis and recommendation for a fair value finding and permanent tariffs should result in the expiration of Buehner-Fry' requested CC&N and of the interim tariffs. In addition, if there are any disagreements with any FVRB information that Buehner-Fry files, the Order granting Buehner-Fry' CC&N should be stayed pending resolution of those disagreements.

RESPECTFULLY SUBMITTED this 9th day of March, 2001.

Janet Wagner

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The original and ten copies of the foregoing were filed this 9th day of March, 2001, with:

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Copy of the foregoing was mailed this 9th day of March, 2001 to:

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